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Iran Arms Cash Is Tied to CIA-Run Account Aiding Afghan Rebels

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Congressional investigators have traced profits from the covert sale of U.S. arms to Iran to a Swiss bank account managed by the Central Intelligence Agency, into which the U.S. and Saudi governments also deposited \$250 million each to underwrite rebels fighting Soviet troops in Afghanistan.

Money from the account also was used to buy arms for U.S.-backed contra rebels fighting the government of Nicaragua, informed sources said yesterday, at a time when Congress had forbidden any military support for the contras.

Money from the account in Switzerland was used to buy Soviet, Chinese and other arms from dealers in countries such as Israel, which were then shipped clandestinely to guerrillas in Afghanistan and, more recently, to contras in Nicaragua, according to one congressional source.

This version of how the Iranian profits were handled appears to contradict statements made Nov. 25 by Attorney General Edwin Meese III. Meese said those profits were "deposited in bank accounts which were under the control of representatives of the forces of Central America."

Asked about the apparent contradiction between Meese's statement and the findings of the congressional investigators, one source said the attorney general "may not have been fully informed at the time."

The secret numbered Swiss account this year received \$250 million secretly appropriated by Congress to aid the Afghan Mujaheddin rebels, plus a matching \$250 million from Saudi Arabia.

The account also received the \$10 million to \$30 million profits that Meese has said was funneled to the contras, according to informed sources.

An administration source yesterday acknowledged that a Swiss-based fund had been set up from which "the various accounts involving the Reagan doctrine are administered." The Reagan doctrine refers to the president's policy of supporting insurgencies battling Third World communist regimes. U.S.-backed "freedom fighters" in Afghanistan, Nicaragua and Angola were supported with money from the Swiss account, the source said.

He added that although profits from the Iranian arms sales had been commingled in the account with money for the Afghan rebels, separate books were kept on the arms

purchased with each source of money. This was intended to allow the account managers to keep track of the various sources and disbursements of money, the source said.

A congressional source said those records are being studied and "there are some very nervous people in the [CIA], who are trying to explain the bookkeeping to investigators. He added that the CIA has had difficulty in identifying the separate accounts and the weapons and other military purchases.

It was also learned yesterday that when the direct sale of arms from U.S. military stockpiles to Iran was first approved by President Reagan in a secret intelligence "finding" dated Jan. 17, the president's aides did not anticipate generating a profit with the sales, according to one participant aware of the discussions. "It was never contemplated at the start that some money would stick to the pipes," the source said.

The inflated price paid by the Iranians allowed not only large commissions for arms dealers brokering the operation but also the \$10 million to \$30 million cited by Meese. Meese has said that the only government official who knew "precisely" of the contra connection was Lt. Col. Oliver L. North, who was fired last week from the National Security Council staff.

The CIA is required by law to remit to the U.S. Treasury any profits earned by selling materiel and is prohibited from using such funds for other operations, a former CIA official said yesterday. He noted that when the agency in the 1970s sold Air America Inc., an air charter company widely used by the CIA in Southeast Asia, the profits had to go to the U.S. Treasury.

In the week since Meese disclosed the use of Iran arms sales profits to finance the contras, members of Congress have repeatedly questioned whether such an action violated the Boland Amendment, which prohibited the use of U.S. funds in providing military aid to the Nicaraguan rebels.

In testimony Nov. 21 before the House and Senate Select Intelligence committees, CIA Director William J. Casey said he was not familiar with how the funds generated by the Iran sales this year had been handled.

He said the agency had a minimal role in the White House-directed operation, which involved four shipments to Iran totaling more than 2,000 TOW antitank missiles and 235 Hawk antiaircraft missile spare sets in an attempt to gain release of U.S. hostages held in Lebanon by pro-Iranian extremists.

A congressional source yesterday said that Casey "is in trouble" because of contradictions in the director's testimony and congressional suspicions that he is more deeply involved in the operation than he has acknowledged.

An administration source said it was his understanding that the Swiss fund was administered by the CIA but that it was monitored by Donald R. Fortier, the late deputy director of the National Security Council staff. When Fortier died earlier this year, that job apparently was turned over to North, according to other sources. The covert total U.S. assistance program to the Afghan rebels has been estimated at roughly \$400 million, including weapons and other aid sent directly from the United States to the rebels through Pakistan.

This is not the first time that Reagan administration covert programs have overlapped. Several personalities involved in the arms-to-Iran operation are also active in the contra aid program. North, for example, has been the point man for the White House on both programs.

Adolfo Calero, a top contra leader, indicated last week that the secret operation that flew weapons to his troops in Nicaragua could have been financed by profits from the clandestine sales to Iran. That resupply operation, which involved CIA operatives—including one with ties to the office of Vice President Bush—was exposed when one of the planes was shot down over Nicaragua on Oct. 5.

Sources have also said that retired major general Richard V. Secord, who headed the Air Force military mission to Iran from 1975 to 1978 and was deputy director of a planned but unexecuted 1980 mission to rescue American hostages in Iran, played a role in helping arrange the resupply operation for the contras.

In an interview last week in Newsweek magazine, Secord suggested that he may have had an advisory role in the secret Iranian arms shipments. Newsweek quoted Secord as denying that he actually shipped arms to Iran, but "if you asked me, was I an adviser on arms imports to Iran, that's another matter. I can't talk about that."

Staff writer Lou Cannon contributed to this report.